

THE AMERICAS

Exporter Advice

Argentina, Peru and the Dominican Republic

Argentina on the Rebound

After two years of economic recovery and a stable exchange rate, Argentina's total imports of high-value food and beverage products are expected to increase from \$450 million in 2004 to about \$550 million in 2005. Premium brands of such products have started to make a comeback, a trend expected to continue throughout 2005.

Since Argentine consumers think highly of popular U.S. high-value food products, the best import prospects are for well-known national brands and food ingredients—especially as most local companies, after the devaluation of

January 2002, have become very competitive in world markets and are focusing on expanding exports. U.S. food and beverage exports to Argentina are expected to increase as a result of high sanitary standards, improved price competitiveness due to the euro's appreciation over the dollar and the popularity of U.S. culture.

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Peru: A Bright Spot in Latin America

Peru's economy is considered one of the most vibrant in Latin America. In 2004, total Peruvian imports of consumer-oriented agricultural products reached \$281 million. Fresh fruits, juices, processed fruits and vegetables, cheeses,



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pet foods, wines and snacks are considered the best prospects for U.S. suppliers. Major competitors are Chile, Colombia, Brazil and Argentina.

Peru offers promising conditions for U.S. products due to increasing processed food consumption, expanding supermarket and fast-food chains and consumers' greater exposure to U.S. food products through the media.

However, some major constraints remain. For instance, supermarkets, the chief source of imported food products, account for only 24 percent of total retail food sales. And a government-sponsored "Buy Peruvian" campaign means new local food brands are appearing in the market at very low prices.

In addition, imported foods with high tariffs are still out of reach for many low-income Peruvians. Tariff rates vary from 12 to 25 percent. Corn, rice, sugar and dairy products are subject to a price band, in addition to a fixed 25-percent tariff. Beer and wine imports face an additional consumer tax of 20 percent.

But changes could be coming, as negotiations are underway on a U.S.-



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Andean Free Trade Agreement that is expected to lower or eliminate tariffs on many food and agricultural products.

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The Dominican Republic: A Warm Handshake Goes Long Way

The Dominican Republic is the fourth largest market for U.S. products in the Western Hemisphere with imports of \$90 million in fiscal 2004. Until recently, the Dominican Republic had one of the best economic growth records in the hemisphere. But in 2003, a banking crisis and other mounting economic problems reduced growth. Dominican imports of U.S. agricultural, fish and forest products, at \$490 million, were down 1.5 percent in fiscal 2004.

However, the country's fundamentally sound economy is expected to recover. A new Dominican president and proposed tax reform renewing a lending agreement with the International Monetary Fund suggest a more stable economy. The country's gross domestic product is expected to grow 4.5 percent during 2005.



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Dominicans are greatly influenced by U.S. culture and have a positive view of U.S. products. Observing Dominican business customs and guidelines can facilitate U.S. exports. Dominican executives conduct most business through personal relationships based on trust. A warm handshake and a friendly conversation should precede the start of business.

The Dominican business community is one of the most aggressive in the region. U.S. suppliers should be prepared to have local representation and to travel to the country.

To enter the market, exporters can use local distributors, wholly owned subsidiaries, joint venture partners or Dominican importers and wholesalers who own retail outlets. Quality and responsiveness in after-sales service also are

becoming increasingly important ingredients in effective marketing strategies.

While most U.S. food and beverage products have good access to the market, meat and dairy products have very limited access. The Dominican Ministry of Agriculture controls beef imports through a restrictive licensing system and pressure on end-users. U.S. beef is served in upscale steak houses but rarely in supermarkets or butcher shops.

The dairy product situation is difficult, unpredictable and expensive. However, access for U.S. meat and dairy products is likely to improve. ■

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